

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (6/24)
BUTTER: Grade AA closed at \$1.6500. The weekly average for Grade AA is \$1.6075 (+.1117).

CHEESE: Barrels closed at \$1.4550 and blocks at \$1.5075. The weekly average for barrels is \$1.4510 (+.0120) and blocks, \$1.5030 (+.0140).

BUTTER: The butter market is firm as the cash price has increased sharply in recent trading sessions. Cream supplies for churning have tightened. Churning across the country is declining rapidly from previous high levels as temperatures increase and more cream is clearing to Class II items, especially ice cream. Sales activity at the CME has been active with over 100 loads of butter being sold in the past two weeks. For the most part, butter stocks are readily available for current fair at best demand. Some retailers are running features at attractive prices which are clearing good volumes of print butter. Food service orders are settling into typical summer patterns.

CHEESE: The cheese market is unsettled, though with a firm undertone. Orders for the July 4th holiday are being delivered. Natural American supplies remain close to in balance and demand fairly steady. Process demand is moderate to good. Interest is fairly good for barrels and better processing solids. Mozzarella offerings continue to exceed the sluggish demand. Swiss supplies remain tight. Most cheese plants continue to operate on extended, though slightly lighter schedules. Warmer summer weather is reducing the sizeable recent milk volumes available for manufacturing. Cheese yields are steady to often lower, reflecting declines in fat and/or protein levels in incoming milk volumes.

FLUID MILK: Milk production is declining from peak levels in nearly all areas of the country. Hot weather persists in much of the West and South and is taking a toll on cow comfort. In the Upper Midwest and the Northeast, temperatures have abated, but more hot weather is expected. Fat and protein tests are also lower, which is a typical pattern during hot, summer weather. Fluid milk supplies are not as heavy and manufacturers welcome the "breather" from the constant capacity schedules seen in the past 3-5 weeks. Bottled milk sales are settling into summer patterns and, unless featured, are seldom better than fair. The fluid cream market is firming rather quickly. The drop in milk supplies and improved Class II cream demand has tightened the availability of cream in most parts of the country. The improved demand is also pushing multiples into the high 130's. Hard ice cream production is increasing as is soft serve mix and bottled cream.

DRY PRODUCTS: The NDM market is mostly steady. The pricing index used by many suppliers did move lower for this week's sales and has been moving higher and lower for the past several weeks. Orders, though fairly steady, do tend to rise and fall with price changes. Demand is fair to

good with some improved interest on high heat. The dry whey market is showing more signs of firmness and prices are often higher. Production levels are lighter as milk supplies decline from spring flush levels. Producer stocks are tight, but buyers do seem to be able to find desired loads in the resale side of the market. Export interest remains good. The dry buttermilk market is steady to weaker. Drying schedules are often lighter due to lighter churning activity and improved demand for liquid/condensed buttermilk. Demand for dry buttermilk is generally fair. The WPC market is firm and prices are higher. Some sharp price increases were reported by producers who have little inventory and dwindling milk supplies to maintain production. Spot demand is often unsatisfied and users are turning to alternatives, if and when available. The lactose market tone is steady to firm. Production is steady and demand is generally good. Third quarter contracts are being negotiated.

CCC: During the week of June 20 - 24, there was no price support activity.

MAY FEDERAL MILK ORDER PRICE AND POOL SUMMARY (DAIRY PROGRAMS): During May, about 10.9 billion pounds of milk were received from producers, 57.8% higher than the May 2004 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +6.3%.) About 3.7 billion pounds of producer milk were used in Class I products, 5.6% higher than the previous year. Calendar composition, likely had a slightly positive impact on milk used in Class I in 2005 as compared to 2004. The all-market average Class utilizations were; Class I = 34%, Class II = 13%, Class III = 39%, and Class IV = 14%. The weighted average statistical uniform price was \$14.76, \$0.44 lower than last month, and \$4.58 lower than last year.

COLD STORAGE (NASS): On May 31, U.S. cold storage holdings of butter totaled 188.2 million pounds, 14.4% more than a month ago and 5.3% above May 2004. Natural American cheese holdings total 578.9 million pounds, 5.5% above a month ago, 3.6% more than a year ago. The total nonfat dry milk holdings for April were not available.

DAIRY OUTLOOK (ERS): Milk and dairy product prices have weakened somewhat this spring. Strong returns ignited an expansion in milk production, as cow numbers edged higher and milk per cow recovered. Meanwhile, commercial use in late winter was unable to sustain its large early-winter gains. Even so, these shifts were not dramatic, and dairy product prices have remained relatively buoyant. Milk prices in 2005 are expected to average considerably below last year's record but well above the 5-year average.

****SPECIALS THIS ISSUE****

BUTTER AND CLASS III & IV MILK FUTURES (PAGE 7)
 INTERNATIONAL DAIRY MARKET NEWS (PAGE 8)
 MAY COLD STORAGE HOLDINGS (PAGES 9-10)
 JULY FEDERAL MILK ORDER ADVANCE PRICES (PAGE 11)

MAY FEDERAL MILK ORDER PRICE AND POOL (PAGE 12)
 DAIRY OUTLOOK (PAGES 13-14)
 JULY ANNOUNCED COOPERATIVE CLASS I PRICES (PAGE 15)

**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

PRODUCT	MONDAY JUNE 20	TUESDAY JUNE 21	WEDNESDAY JUNE 22	THURSDAY JUNE 23	FRIDAY JUNE 24	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.4500 (-.0025)	\$1.4500 (N.C.)	\$1.4500 (N.C.)	\$1.4500 (N.C.)	\$1.4550 (+.0050)	(+.0025)	\$1.4510 (+.0120)
40# BLOCKS	\$1.5000 (N.C.)	\$1.5025 (+.0025)	\$1.5025 (N.C.)	\$1.5025 (N.C.)	\$1.5075 (+.0050)	(+.0075)	\$1.5030 (+.0140)
BUTTER GRADE AA	\$1.5375 (+.0500)	----	\$1.6350 (+.0975)	----	\$1.6500 (+.0150)	(+.1625)	\$1.6075 (+.1117)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USA.GOV/MARKETNEWS.HTM **NOTE: CME NDM on Page 2. NOTE: The CME is closed on 7/4.**

CHICAGO MERCANTILE EXCHANGE

MONDAY, JUNE 20, 2005

CHEESE — SALES: 1 CAR BARRELS @ \$1.4500; 7 CARS 40# BLOCKS @ \$1.5000; BIDS UNFILLED: 2 CARS 40# BLOCKS @ \$1.4600; OFFERS UNCOVERED: NONE

BUTTER — SALES: 15 CARS GRADE AA: 1 @ \$1.4900, 1 @ \$1.4950, 1 @ \$1.4975, 2 @ \$1.5000, 4 @ \$1.5100, 1 @ \$1.5200, 2 @ \$1.5300, 1 @ \$1.5325, 1 @ \$1.5350, 1 @ \$1.5375; BIDS UNFILLED: 6 CARS GRADE AA: 2 @ \$1.5075, 2 @ \$1.4500, 2 @ \$1.4400; OFFERS UNCOVERED: NONE

TUESDAY, JUNE 21, 2005

CHEESE — SALES: 9 CARS 40# BLOCKS: 3 @ \$1.5000, 2 @ \$1.5050, 4 @ \$1.5025; BIDS UNFILLED: 2 CARS BARRELS @ \$1.4500; 2 CARS 40# BLOCKS @ \$1.4600; OFFERS UNCOVERED: NONE

WEDNESDAY, JUNE 22, 2005

CHEESE — SALES: NONE; BIDS UNFILLED: 4 CARS BARRELS: 2 @ \$1.4400, 2 @ \$1.4300; 2 CARS 40# BLOCKS @ \$1.4700; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 9 CARS GRADE AA: 1 @ \$1.5800, 2 @ \$1.6000, 1 @ \$1.6050, 1 @ \$1.6150, 1 @ \$1.6100, 1 @ \$1.6250, 1 @ \$1.6275, 1 @ \$1.6350; BIDS UNFILLED: 16 CARS GRADE AA: 2 @ \$1.6175, 1 @ \$1.6150, 2 @ \$1.6100, 2 @ \$1.6000, 1 @ \$1.5900, 1 @ \$1.5850, 2 @ \$1.5800, 1 @ \$1.5700, 2 @ \$1.5550, 2 @ \$1.5400; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.6450

THURSDAY, JUNE 23, 2005

CHEESE — SALES: 10 CARS 40# BLOCKS: 1 @ \$1.4925, 8 @ \$1.5025, 1 @ \$1.5000; BIDS UNFILLED: 3 CARS 40# BLOCKS: 1 @ \$1.5025, 2 @ \$1.4600; OFFERS UNCOVERED: NONE

FRIDAY, JUNE 24, 2005

CHEESE — SALES: NONE; BIDS UNFILLED: 4 CARS BARRELS: 2 @ \$1.4550, 2 @ \$1.4525; 6 CARS 40# BLOCKS: 3 @ \$1.5075, 1 @ \$1.5050, 2 @ \$1.5025; OFFERS UNCOVERED: NONE

BUTTER — SALES: 11 CARS GRADE AA: 3 @ \$1.6400, 1 @ \$1.6450, 1 @ \$1.6475, 6 @ \$1.6500; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS GRADE AA @ \$1.6600

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$0.9625 and Grade A at \$0.9825. (The last price change occurred March 30.) The weekly average for Extra Grade is \$0.9625 (N.C.) and Grade A is \$0.9825 (N.C.).

BUTTER MARKETS**MAY COLD STORAGE**

According to NASS, May month-ending cold storage figures for butter total 188.2 million pounds, 5.3% more than last May and 14.4% more than April 2005.

NORTHEAST

The CME cash price for butter continued to move higher and lower. Last Wednesday's (6/15) dime increase in the CME cash butter price did surprise many contacts and late-week speculation was that the jump was likely a move by some to get out of futures positions. The drop in the price on Friday seemed to confirm this, but Monday's (6/20) increase provided other signals. Churning activity is decreasing in the East. Cream supplies have tightened as the hot weather triggered a boost in Class II cream demand and milk/cream supplies to drop from peak levels. Demand for butter is improving slightly, particularly where and when featured. Supplies of bulk and packaged butter are more than ample for current needs. Food service orders are settling into typical summer patterns. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

The market tone remains unsettled, although a firm undertone is developing as the cash price increased 14 3/4 cents in the two most recent trading sessions. At midweek, the cash price of \$1.6350 is the highest cash butter has been since February 14. Cream supplies have tightened in comparison to recent weeks, although supplies are sufficient to maintain active churning schedules at most facilities. Temperatures have warmed up in the Central part of the country which enhanced Class II demand from ice cream producers. Stocks of butter remain readily available for current needs. Overall buying interest is fair. Some retail orders, stimulated by feature activity, are heavier. Food service orders are

seasonally steady as restaurants and food service outlets, especially in vacation areas of the Midwest, meet summer vacationer's needs. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

WEST

Cash butter prices at the CME have moved moderately higher and lower in subsequent trading sessions. The last two trading sessions, however, the market has increased 14 3/4 cents. The price currently is \$1.6350. The price has not been this high since February 2005. Trading has been active with 81 loads sold last week and 24 sold in two trading sessions this week. Churning at Western operations is declining rapidly as weather conditions become more stressful and more cream is going into ice cream operations. Some contacts are noting that demand from ice cream plants is finally above expectations. Some retail features are noted based on two for a given amount and this is moving extra volumes of butter. Food service orders are good. Some churning operations are storing bulk and print butter for upcoming fall needs. Quota imports of butter for the first five months of the year total 7.96 million pounds, down 12.1% from the same period in 2004. Imports now stand at 52% of the annual quota. The country where the most butter is being shipped from is New Zealand. Imports of High-Tier butter (above quota and with a penalty) remain light with only 270,000 pounds imported during the first five months of the year. Domestic prices have not been high enough to overcome shipping and penalty costs. Last year just over 10 million pounds of High-Tier had been imported. CME weekly butter stocks declined by 1.2 million pounds last week to stand at 103.5 million pounds. This is only the third decline noted this year and the first in 12 weeks. Last year stocks were at 108.1 million pounds for the same week. Bulk butter prices range from flat to 3 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES**U.S. AVERAGES AND TOTAL POUNDS**

<u>WEEK ENDING</u>	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	38% MOISTURE BARRELS			
JUNE 18	1.4799	1.4646	0.9215	1.4338	0.2718
	9,172,854	10,405,839	21,831,591	4,705,688	11,696,688

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are generally lower, but the market tone is steady. The recent hot weather has taken its toll on the milk flow and cheese makers are not as pressed to process milk. However, most cheese makers are maintaining a steady production schedule. There continues to be reports of one plant having financial issues, which is hampering their output. Cheese supplies are generally adequate to meet current needs. Demand is fairly brisk as most buyers/users see higher prices for next week's orders. Despite the increasing CME cheese prices last week, the weekly average, compared to the previous week, was lower. Retail sales are fair as the June Dairy Month promotions are helping. Food service orders are settling into typical summer patterns.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.5675-2.0825
Cheddar Single Daisies	:	1.5250-2.0000
Cheddar 40# Block	:	1.6275-1.8975
Process 5# Loaf	:	1.6500-1.8575
Process 5# Sliced	:	1.6700-1.8850
Muenster	:	1.6400-1.8425
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is about steady. Overall, many buyers seem comfortable with holding slightly higher working inventory levels as a hedge against the record high prices last year. Holiday orders are working through the pipeline. Current natural American styles and barrels remain close to in balance with lead times on orders steady. Some producers have been trying to build a bit of cushion stock for the expected late summer and fall business. Regular customers may be able to secure an extra load or two from regular suppliers but multi-load spot purchases of American varieties is another story. Process interest is fairly steady. Some cutters note natural chunk movement is steady to occasionally lighter. Swiss supplies remain tight. Mozzarella offerings remain long and significant discounts continue to be used to keep plant inventory from accumulating. Cheese plants continue to operate on heavy seasonal schedules but milk offerings are steady to lighter. Fat tests and yields on incoming milk volumes seem lower.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.6400-1.9300
Brick And/Or Muenster 5#	:	1.9400-2.0375
Cheddar 40# Block	:	1.7900-2.2650
Monterey Jack 10#	:	1.9900-2.2650
Blue 5#	:	2.3325-2.6500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6650-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.3800-2.8900

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

	:	
06/20/05	55,151	: 147,438
06/01/05	52,834	: 147,005
CHANGE	2,317	: 433
% CHANGE	4	: N.C.

WEST

Block cheese prices at the CME cash market have either held steady or increased for the last nine trading sessions. The price now stands at \$1.5025. Demand for current blocks and barrels is excellent. Demand for under grade cheese used in processing solids is also excellent. A substantial amount of cheese is being shipped from the Western region into the Central area over the next few weeks. Cheese production is beginning to edge lower seasonally. The heat stress on the milking herd is now great enough to be curtailing milk output over more of the region. Fat and protein tests on incoming milk receipts are also declining which will hurt cheese yields. Total quota imports of cheese for the first five months of the year have reached 115.6 million pounds, up 4.0% from the same period in 2004. Imports have now reached 39% of the annual quota. Imports of High-Tier cheese (above quota and with a penalty) for the five month period total 9.6 million pounds, down 48% from the same period last year. Volumes are less than last year because of a combination of factors including: tighter world supplies, and U.S. prices not getting high enough to cover freight and the penalties.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.5925-1.8500
Cheddar 40# Block	:	1.6075-1.9600
Cheddar 10# Cuts	:	1.7875-2.0075
Monterey Jack 10#	:	1.7975-1.9575
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

FOREIGN

Prices are unchanged to lower on domestic styles; unchanged on imported types. The market tone is unchanged. Demand for imported or domestically made cheeses is slowing along seasonal patterns. The U.S dollar continues, albeit slowly, to gain a little strength against the Euro. Recent reports indicate that imports of cheese subject to licensing, during the first five months of 2005 totaled 52.467 million Kg, 4.0% more than the same period last year. Imports of high-tier cheese during that same time period totaled 4.363 million Kg, 47.8% less than the same period in 2004.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-4.6900	: 1.8800-3.3700*
Gorgonzola	: 3.6900-6.0900	: 2.3925-2.4900*
Parmesan (Italy)	: TFEWR	: 3.2950-3.4025*
Romano (Italy)	: 2.1000-3.2500	: -0-
Provolone (Italy)	: 3.4400-6.0900	: 1.8825-2.1175*
Romano (Cows Milk)	: -0-	: 3.0775-5.2425*
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 3.1200-4.1500	: -0-
Swiss Cuts Switzerland	: -0-	: 2.4500-2.6500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.5600	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	53	0	127	0	112
SOUTHEAST STATES	0	0	0	84	0	0

May milk production in the 23 major states totaled 14.2 billion pounds, up 4.4% from May 2004. The following are the May-to-May changes for selected states: Texas +7.5%, Virginia +6.5%, Vermont +6.3%, Pennsylvania +5.8%, New York +4.0%, Florida +2.8%, and Kentucky -2.3%. Milk production is decreasing in most parts of the East. Recent hot weather has taken its toll on milk output and tests. More reports indicate that fat and protein tests are lower, but this is a typical pattern during the hot, summer weather. A few areas are experiencing cooler/rainy weather and the milk flow in these areas did show signs of rebounding slightly this week. Milk output in the Southeast continues its downward trend. Florida handlers are still shipping milk out of state, but the number of loads is down sharply. The lower milk production in Florida combined with fairly good Class I orders is keeping milk in-state. Bottled milk sales are slower in New York where schools are now closed or in their last week. Elsewhere, Class I milk sales are steady to slightly higher. This week, there have been reports that a major retailer, who is in chapter 11 reorganization, announced that it's closing more than 300 stores in the Southeast and it will try to sell six dairy plants. This announcement will have some, temporary impact on bottled milk and dairy product sales in the affected areas. Surplus milk volumes are lighter and plants that have been hard pressed to process all the milk are getting a little breathing room. Balancing plants are still running daily, but most now have a little more down-time. The heaviest volumes of surplus milk are on the weekends. The condensed skim market is holding at fairly good levels and prices are unchanged. Offerings are not as heavy as they were during most of May and early June and there have been fewer reports of discounted prices. The fluid cream market is firming. Offerings are much tighter than they have been, but not so tight that buyers/users can't find what they need. Spot prices are generally higher as multiples have increased into the mid 130's, f.o.b. Also, last week's CME butter average increased 5.66 cents and contacts expect another good-sized increase this week. Demand is good ahead of anticipated price increases. However, contacts report that cream cheese producers are not taking as much cream as they were during the past few weeks. Ice cream sales and production are responding to the warmer weather. Soft serve mix production is seasonally heavy and hard ice cream output is increasing. Bottled cream and aerosol whipping cream production is improving. Sour cream and cottage cheese plants are operating at typical summer levels. Churning activity is lighter, but still moderate. Some butter makers are keeping their cream so they can maintain churning schedules, while other, more seasonal producers are selling their cream rather than make butter.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.9445-2.0642
DELIVERED EQUIVALENT ATLANTA	-	1.9595-2.0941 M 1.9894-2.0343
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.8698-2.0642

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9400-1.0200
NORTHEAST- CLASS III - SPOT PRICES	- 1.1000-1.1700

M I D W E S T

Class I demand generally remains at low summer levels except where retail feature activity is underway or planned. Spot milk interest from Class III operations has improved, at least from some operations as the surplus volume is declining. Most manufacturing milk plants continue to operate on extended schedules. Reported spot manufacturing milk prices range from -\$1.50 to +\$1.00 delivered, with the lowest prices typically for weekend loads. Cream demand is strong and multiples continue to creep higher. Class II condensed

skim interest remains good with other classes slow. Higher temperatures are impacting cow comfort and milk supplies, especially in the western and southwestern parts that have seen the heat longer. The higher temperatures are the second bout in the upper tier of states and depending on the length and severity, the intake declines generally seem to be more pronounced than the first. Fat tests are steady to often lower. Fields remain very wet in much of the western part of the region such as Minnesota and Nebraska with some eastern states dry such as Wisconsin and Illinois. Delayed planting, spraying and cultivating of corn and soybeans as well as harvest problems in wet fields may impact forage quality and yields. Crop yields may also be impacted in the dry areas as well where alfalfa regrowth is less than normal. Cow prices sold at a Wisconsin dairy auction compared to a month ago were steady to about \$100 lower. Approved quality springing cows sold for \$1800 - 1950 per head and Mediums for \$1300 - 1650. Approved quality springing heifers went for \$1800 - 2100 and Mediums for \$1400 - 1750 per head.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUNE 16 - 22	PREVIOUS YEAR
SLAUGHTER COWS	\$ 55.00- 61.00	\$ 53.00- 60.50
REPLACEMENT HEIFER CALVES	\$400.00-740.00	\$300.00-575.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUNE 16 - 22	PREVIOUS YEAR
SLAUGHTER COWS	\$ 52.00- 66.00	\$ 55.00- 63.00

W E S T

U.S. milk production in the 23-States totals 14.2 billion pounds, up 4.4% from a year earlier. Cow numbers were up 54,000 head or 0.7%. The dairy herd is now at the level it was back in May of 2003. Production per cow gained 62 pounds or 3.7%. May output for selected Western states compared to last year is as follows: Arizona +4.9%, California +4.5%, Colorado +8.6%, Idaho +10.8%, New Mexico +2.5% Oregon +1.5%, and Washington +3.8%. The only one of these six states registering a cow number decrease was New Mexico. Arizona was the only one with a lower production per cow. The July Class I price for CALIFORNIA based on production is \$15.24. This price is 43 cents higher than June but \$3.17 less than last year. The Federal Order Class I base price is \$13.89. The California Department of Food and Agriculture released an announcement on June 20. For the second time in as many hearings, the Secretary's office did not accept the recommendations of the hearing panel. The net result is that there will be no changes that will come from the May 2005 Class I California hearing. Current California milk production is holding up very well for this late in the production season. There has been some heat, but not much and nights continue to be very cool. Some plants are happy to have more milk than expected and others are beginning to wish that supplies would start to decline at a faster rate. Dairy quality supplies of hay are tight and prices are firm. Some dairies are hoping that the next cutting of hay should still be decent quality since it has not been hot and showers are becoming less common. Manufacturing plants are starting to position their output with fall needs in mind. Some producers in the PACIFIC NORTHWEST are beginning to see a production response from the new crop hay that is becoming available. A few are reporting that they are now seeing a second spring peak. Weather conditions are still cool and showery which does make it hard to put up decent quality hay. Some areas in the region are just finishing their first cutting and other areas are beginning their second. Plants continue to operate on heavy production schedules. Some slight declines are noted. Some hot weather is finally beginning to show up in UTAH and IDAHO. Temperatures in the mid to high 90's were common at midweek. The hot spell is only going to last a few days and nights continue to be very cool. Therefore, milk production is not being impacted to any great extent. It is noted that fat and protein tests are beginning to decline seasonally. Plants continue to operate just under capacity levels. Heifer prices in the region are a bit lower than reported a month ago. High end prices at two sales in the region range from \$2250-2375. Average prices range from \$1990-2060. These prices are down \$50-100 from last month. It is too early to state that a trend is developing, but some wonder if the prospect of lower milk prices is influencing bid prices.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged to lower on a steady market. Hot and humid weather is taking a toll on milk production, resulting in reduced milk intakes and lower NDM production at some locations. High heat production is most affected as most plants opt to produce low heat NDM which requires less dryer time than high heat. Demand is good for high heat and fair at best for low heat. Most movement is occurring on a contractual basis. Orders placed earlier this year for NDM delivery from the West are now readily available. Buyers, particularly brokers, are not adequately able to move stocks, resulting in warehouse accumulations in the West. Western producers are initiating contract negotiations with Central buyers for late this fall. Buyers are tentative in entering negotiations, especially in light of the recent milk production report that touted May milk supplies at over 4% higher compared to last year. Off grade NDM is available at prices that vary with the WPC market for the light feed interest.

EAST: Prices are mixed this week. Producers who follow/use the NASS weekly NDM as a base saw their price decrease about a penny this week. Others actually increased their price to reflect the supply/demand situation at their facility. The market tone is firm. Production levels are down slightly as surplus milk supplies move off their seasonal peak. Producers welcomed this relief from the past few weeks as it allowed them to make more high heat powder as well as do some maintenance. Eastern producers' inventories are a little on the heavy side, but nearly all their stocks are committed to customers. Few immediate spot sales are being reported and those that are, are generally in the resale side of the market. Producers did report that demand for high heat NDM is improving. Other than users returning to the market, contacts had no explanation why the sudden change in demand for high heat, which had been slow for quite some time. Export interest continues to clear good volumes. With the recent hot weather and drop in milk production, there is some concern about late-summer production and availability of NDM.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .9375 - 1.0100 MOSTLY: .9800 - .9900
 HIGH HEAT: .9725 - 1.0950

NONFAT DRY MILK - WEST

Range and mostly prices for Low/medium powder are steady to fractionally lower. A decline in the major pricing index caused most of the lower price move. Export and domestic sales are rated as good. Cheese makers are using less powder at this time because of the price relationship between powder and cheese. Powder production in the West is declining seasonally, but at a very slow rate. The heat stress, especially in California, has not yet taken much of a toll on milk output. Demand for high heat powder remains strong and supplies are not yet adequate to meet all the current interest in a timely fashion. As milk supplies dwindle, there should be more dryer time to process high heat powder. During the spring flush plants do not have enough capacity to slow the dryers and produce high heat.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .9025 - .9800 MOSTLY: .9275 - .9400
 HIGH HEAT: .9425 - .9750

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
June 17	\$.9072	8,276,774	0
June 10	\$.9027	10,198,311	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b.

California manufacturing plants. Prices for both periods were influenced by

DRY BUTTERMILK - CENTRAL

Prices are unchanged and nominal on a steady to weak market. Trade activity is very light. Production is lower as less butter is churned and more condensed buttermilk clears into ice cream operations. Producers report that stocks, accumulated during the heavy churn period this last May, are not burdensome. However, as some supplies near 6 months of age, offerings are expected. Some buyers note the disparity between Central and Western prices, suggesting that Western buttermilk supplies would be a better buy. As buttermilk, NDM and WPC prices near equivalent levels, questions arise as to end product demand for dry products containing protein.

F.O.B. CENTRAL: .9600 - 1.0100

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. Production levels are down slightly as churning activity decreased in light of better Class II cream demand. Plant stocks are adequate to meet current demand. Some contacts are hopeful that as cream supplies tighten, demand for dry buttermilk will improve. Demand for dry buttermilk is fair.

F.O.B. NORTHEAST: .9300 - .9500
 DELVDSOUTHEAST: .9500 - 1.0000

DRY BUTTERMILK - WEST

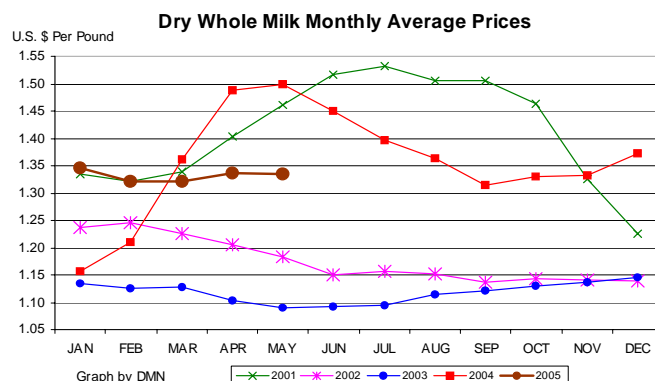
Western buttermilk powder prices are steady to fractionally lower. Export shipments of powder continue and this is helping to balance the market. Domestic inquiries are generally light. Some additional dry and condensed is moving to ice cream plants. Producers are not too concerned about any stocks on hand because of the season. They believe that any powder they have on hand will be needed later in the year. Powder production is beginning to slow as milk goes away and churning is becoming lighter. Less cream is available for churning at this time.

F.O.B. WEST: .8950 - .9575 MOSTLY: .8950 - .9050

DRY WHOLE MILK - NATIONAL

Prices are unchanged and remain nominal. The market tone is steady. Production levels are light. With surplus milk supplies declining in most parts of the country, producers now have the dryer-time to make dry whole milk, if they chose. Plant stocks are balanced and demand is steady.

F.O.B. PRODUCING PLANT: 1.2400 - 1.3800



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY – CENTRAL

Prices are unchanged to higher on a steady to firm market. Central region prices are mostly driven by increased export demand in the coastal areas. Brokers are perplexed by continual price increases, especially in light of the increased availability of condensed whey and the heavier milk supplies compared to the year prior. Production is steady as most plants tend to run full. Availability is mixed as domestic buyers report that most plants are sold out yet foreign buyers and brokers report that loads are available at a premium for the light interest. Milk replacer quality whey is limited for the good feed interest.

F.O.B. CENTRAL: .2600 - .2725 MOSTLY: .2600 - .2700
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2425 - .2600

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to higher. Northeast prices remain nominal. The market tone is firming slightly as milk supplies decline from spring flush levels. Cheese production is mostly steady, but producers of some varieties are slowing output to meet demand. Others are maintaining current production levels. Traders continue to report tight availability at the producer level, but can find loads in the resale market. Some producers did move loads for both domestic and export sale at prices a little above the high end of last week's range. Contacts continue to report getting more inquiries. This may be users re-entering the market or speculators buying ahead of expected tightness during the summer months. Demand is steady at fairly good, but not yet aggressive levels.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2650 - .3000
DELVD SOUTHEAST: .2850 - .3100

DRY WHEY - WEST

Western whey powder prices are steady to fractionally higher. Domestic and export interest continue to easily clear any offerings. Producer stocks of powder remain in close balance. Overall production is becoming lighter than anticipated and a current production plant will be converting away from whey production this fall. These facts have buyers scrambling to find replacement supplies and may mean that the market will remain tight. The U.S. will supply some of the whey for a recent Far East whey tender.

NONHYGROSCOPIC: .2875 - .3150 MOSTLY: .2950 - .3025

EVAPORATED MILK - NATIONAL

Prices are steady and the market tone is unchanged. Surplus milk supplies are disappearing rather quickly and fewer reports of milk prices being discounted were noted. This will likely have an impact on evaporated milk production levels. Inventories were rebuilt during the past few weeks and they, along with ongoing production should carry producers through the summer. The market remains competitive, but overall retail demand for canned evaporated milk is seasonally slow.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.50 - 30.00
Excluding promotional and other sales allowances. Included new price announcements.

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to higher on a steady to firm market. Spot trade activity is generally light. Supplies of 34% WPC are readily available in totes for the very light interest. Bagged supplies of 34% WPC are limited and trading at a premium. European supplies of 34% WPC are competitive with US supplies into the Asian market. Excess supplies of down graded NDM are available to some domestic feed buyers as a competitive substitute to 34% WPC. Supplies of 80% WPC are also reportedly available at competitive prices into some feed and food operations. Offers near the high side of the range are being met with resistance. With increased interest in 80% WPC and alternative proteins such as soy or wheat, less demand for 34% WPC is noted. Production of 34% and 80% WPC is generally steady with 34% WPC production reduced whereas 80% WPC is increased compared to the year prior in response to plant modifications. Off grade supplies are limited for the good feed interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .8900 - 1.0000 MOSTLY: .8900 - .9000

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a steady to firm market. Production is steady as cheese plants generate steady flows of condensed whey for further processing. Spot trade into domestic and foreign markets is noted at a premium to the market. Inquiries are noted from the EU, South America and Japan. Interest from candy makers in preparation for Halloween is noted. Offers for the third quarter are generally higher with buyer resistance noted at prices above the high side of the range. Off grade supplies are available at some locations for the good feed interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1750 - .2100 MOSTLY: .1800 - .2000

CASEIN – NATIONAL

Casein markets and prices remain firm as the second quarter comes to a close. Traders and handlers indicate that prices will remain within current ranges for the third quarter with some slight lower adjustments possible. Stocks of European casein are in good balance with demand. Oceania supplies are less available and limited. Traders and domestic buyers feel that future market conditions will basically center around what will be happening in Oceania during their upcoming milk and casein production season. Coming off of a season that did not develop as well as desired, suppliers and handlers state that a second less than desirable year will cause casein markets to remain firm and available stocks will become more competitive. European casein producers continue to react to the recent reduction in casein manufacturing aid. The reduction to 0.52 of a Euro per 100 KG is substantially lower than the 6.7 Euros just one year ago. Producers feel that they will not be able to fully pass along the adjustment to customers, thus some internal financial adjustments will be occurring at many facilities.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.2700 - 3.4500
ACID: 3.2700 - 3.4000

EVAPORATED MILK - NATIONAL - See adjacent column

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	06/08	06/09	06/10	06/13	06/14	06/15	06/16	06/17	06/20	06/21
CME - (CLASS III) MILK FUTURES -- Dollars per cwt										
JUN 05	13.93 (3155) 26	13.87 (3167) 36	13.87 (3118) 53	13.92 (3114) 4	13.92 (3062) 119	13.93 (3064) 7	13.95 (3069) 15	14.00 (3066) 6	13.97 (3067) 1	13.97 (3050) 0
JUL 05	14.05 (3120) 300	13.95 (3118) 74	13.85 (3102) 29	14.00 (3137) 249	14.06 (3151) 72	14.08 (3158) 86	14.03 (3221) 391	13.93 (3219) 45	13.96 (3155) 171	14.17 (3185) 112
AUG 05	14.38 (2859) 214	14.40 (2854) 41	14.35 (2866) 67	14.64 (2901) 105	14.62 (2911) 77	14.58 (2921) 89	14.50 (2966) 385	14.38 (2975) 60	14.46 (2998) 58	14.69 (2975) 165
SEP 05	14.48 (2794) 94	14.50 (2792) 9	14.48 (2810) 72	14.75 (2829) 49	14.74 (2835) 36	14.71 (2862) 168	14.63 (2958) 274	14.50 (2953) 29	14.60 (2951) 48	14.85 (3006) 222
OCT 05	13.85 (2039) 45	13.86 (2043) 17	13.88 (2079) 196	14.08 (2082) 24	14.04 (2090) 21	14.05 (2099) 57	14.00 (2130) 95	13.85 (2128) 12	13.87 (2135) 13	13.98 (2145) 41
NOV 05	13.48 (1631) 49	13.48 (1632) 9	13.50 (1627) 10	13.60 (1627) 6	13.48 (1625) 10	13.48 (1628) 17	13.48 (1624) 37	13.48 (1620) 9	13.50 (1619) 4	13.55 (1625) 14
DEC 05	13.21 (1447) 31	13.22 (1440) 21	13.28 (1433) 7	13.28 (1434) 4	13.27 (1430) 13	13.29 (1438) 18	13.29 (1456) 47	13.29 (1451) 19	13.30 (1450) 6	13.30 (1453) 17
JAN 06	12.95 (664) 10	12.95 (664) 12	12.95 (666) 8	12.99 (666) 0	12.99 (671) 13	13.00 (672) 10	12.99 (704) 38	12.99 (713) 11	13.00 (714) 17	13.00 (715) 3
FEB 06	12.88 (530) 10	12.88 (516) 18	12.92 (517) 6	12.99 (517) 0	12.98 (526) 9	12.98 (528) 7	12.99 (571) 44	12.99 (588) 21	12.99 (590) 5	13.00 (596) 6
MAR 06	12.80 (516) 8	12.80 (508) 15	12.80 (508) 5	12.80 (508) 0	12.80 (510) 2	12.82 (513) 8	12.82 (539) 33	12.82 (549) 13	12.85 (548) 5	12.85 (550) 7
APR 06	12.80 (447) 9	12.83 (436) 20	12.83 (441) 5	12.82 (446) 5	12.83 (450) 5	12.83 (455) 5	12.83 (469) 26	12.83 (476) 11	12.83 (478) 7	12.83 (485) 9
MAY 06	12.90 (469) 5	12.90 (465) 12	12.90 (470) 5	12.90 (470) 0	12.90 (473) 8	12.93 (473) 0	12.93 (481) 20	12.93 (486) 8	12.95 (485) 4	12.95 (490) 6
JUN 06	12.98 (386) 4	12.98 (386) 2	13.00 (380) 16	13.00 (381) 1	13.00 (385) 6	13.05 (385) 0	13.05 (401) 18	13.05 (404) 7	13.09 (404) 2	13.09 (406) 9
JUL 06	13.01 (271) 14	13.07 (271) 1	13.10 (276) 5	13.10 (276) 1	13.10 (279) 5	13.15 (279) 2	13.15 (293) 15	13.15 (299) 9	13.24 (299) 2	13.18 (300) 2
AUG 06	13.15 (264) 8	13.15 (264) 1	13.15 (269) 5	13.15 (269) 2	13.15 (272) 4	13.15 (272) 2	13.15 (276) 13	13.15 (276) 2	13.20 (275) 2	13.20 (274) 2
SEP 06	13.49 (235) 9	13.45 (236) 1	13.45 (236) 5	13.45 (237) 1	13.45 (241) 6	13.45 (243) 4	13.45 (255) 27	13.45 (257) 14	13.50 (258) 1	13.50 (259) 1
OCT 06	12.97 (255) 8	12.97 (255) 1	12.90 (260) 5	12.90 (260) 0	12.90 (263) 4	12.90 (263) 2	12.90 (267) 16	12.90 (267) 2	12.90 (269) 4	12.95 (269) 1
NOV 06	12.75 (229) 8	12.75 (229) 1	12.75 (234) 5	12.75 (234) 0	12.75 (237) 4	12.75 (237) 2	12.75 (246) 28	12.75 (248) 3	12.80 (250) 4	12.85 (251) 1
DEC 06	12.75 (234) 8	12.75 (234) 1	12.75 (239) 5	12.75 (239) 0	12.75 (242) 3	12.75 (242) 2	12.75 (246) 13	12.75 (246) 2	12.75 (248) 4	12.80 (248) 1
JAN 07	12.60 (31) 0	12.60 (31) 0	12.60 (31) 0	12.60 (31) 0	12.60 (31) 2	12.69 (31) 0	12.69 (31) 0	12.60 (31) 0	12.60 (31) 3	12.69 (31) 0
CME - (CLASS IV) MILK FUTURES - Dollars per cwt.										
JUL 05	12.74 (22) 0	12.74 (22) 0	12.74 (22) 0	12.74 (22) 4	12.75 (22) 0	12.76 (22) 0	12.76 (22) 0	12.76 (22) 0	12.76 (22) 0	12.76 (22) 0
AUG 05	13.20 (22) 0	13.20 (22) 0	13.05 (22) 0	13.05 (22) 4	13.05 (22) 0	13.05 (22) 0	13.05 (22) 0	13.05 (22) 0	13.05 (22) 0	13.05 (22) 0
SEP 05	13.15 (22) 0	13.15 (22) 0	13.10 (22) 0	13.10 (22) 4	13.10 (22) 0	13.10 (22) 0	13.10 (22) 0	13.10 (22) 0	13.10 (22) 0	13.10 (22) 0
NOV 05	13.20 (1) 0	13.20 (1) 0	13.05 (1) 0	13.05 (5) 8	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0
CME - BUTTER FUTURES -- Cents per pound										
JUL 05	144.00 (450) 18	143.00 (453) 16	143.00 (445) 33	145.00 (441) 11	148.50 (447) 20	153.50 (427) 39	152.25 (415) 18	148.00 (402) 18	153.00 (402) 5	156.00 (399) 40
SEP 05	146.25 (484) 20	144.00 (484) 4	145.00 (486) 2	148.00 (489) 10	150.00 (489) 2	155.00 (494) 18	153.00 (496) 7	149.05 (493) 5	154.05 (493) 0	156.00 (493) 8
OCT 05	147.25 (263) 7	145.10 (263) 0	145.25 (263) 1	148.50 (267) 5	152.00 (270) 5	157.00 (276) 15	154.00 (282) 20	150.00 (284) 3	155.00 (284) 0	155.00 (287) 9
DEC 05	148.00 (64) 8	146.00 (64) 0	146.00 (78) 18	149.10 (87) 11	152.00 (92) 5	157.00 (105) 18	154.00 (114) 10	149.00 (117) 7	154.00 (117) 1	154.00 (117) 6
MAR 06	149.00 (9) 0	149.00 (9) 0	149.00 (9) 0	149.00 (9) 0	150.00 (9) 0	150.00 (9) 0	150.00 (12) 3	149.00 (12) 0	149.00 (14) 2	149.00 (14) 0
MAY 06	150.00 (2) 0	150.00 (2) 0	150.00 (2) 0	150.00 (2) 0	150.00 (2) 0	150.00 (2) 0	150.00 (4) 2	149.00 (4) 0	149.00 (6) 2	149.00 (6) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered June 13 - 24, 2005

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

WESTERN EUROPEAN OVERVIEW: Hot temperatures and dry conditions are being reported in many areas of Europe. Milk output is past the peak, thus producers and handlers feel that these weather factors could negatively impact output on the down side of the production season. Milk production through May is reported to be 1.5% higher in EU15 countries, 6.0% higher in EU10 countries, and 2.2% higher in cumulative EU25 countries. International buyer interest remains light. Traders and handlers feel that potential buyers are holding off placing orders until prices weaken, but at this time, prices have not weakened. During the most recent EU Dairy Management committee meeting June 16, export refunds were reduced for many dairy products. Butter was reduced by 320 Euros to 970 per MT; butteroil, reduced by 400 Euros to 1210; Whole milk powder was reduced 25 Euros to 521; with skim milk powder unchanged at 150 Euros. Casein manufacturing aid was decreased to 0.52 Euros per 100 KG. Casein aid a year ago was 6.7 Euros per 100 KG. These adjustments are having little impact on current prices except butteroil. Intervention offerings remain limited. All of the current powder has cleared during March, April and early May, with no clearances occurring since mid May. Since March 1 and through June 12, 4,925 MT of skim milk powder has been offered. This total compares to 17,230 MT for a comparable period last year and nearly 80,000 MT for the period in 2003. In 2002, maximum intervention offerings of 109,000 MT were already attained by this time and a tendering system was in place for additional clearances. Within the past few days, PSA maximum levels of 110,000 MT for butter have been attained, thus no more compensation for additional offerings will be made.

BUTTER/BUTTEROIL: European butter markets are generally steady at unchanged prices, although some suppliers and handlers feel that a weak undertone is developing. Butteroil prices are steady to higher following the recent reduction in export subsidies. On June 16, the EU Dairy Management Committee reduced the export refund for butter to 970 Euros per MT and reduced butteroil refunds by 400 Euros to 1210 per MT. Stocks of butter are available for domestic and international buyer interest. Within the past few days, PSA maximum volumes of 110,000 MT have been attained, thus no more compensation for additional offerings will be made.

82% BUTTERFAT: 1,850 - 2,000

99% BUTTERFAT: 2,550 - 2,900

SKIM MILK POWDER (SMP): European skim milk powder markets are generally steady at unchanged prices. During the most recent Dairy Management Committee meeting, the committee did not adjust the export refund for skim milk powder and maintained the 150 Euro per MT value. Intervention offerings have slowed greatly. The total since March 1 is 4,925 MT with no offerings being reported since mid May. This current total compares to 17,230 MT last year and nearly 80,000 in 2003. In 2002 at this time, the maximum 109,000 MT level was attained and a tendering system was put in place for the balance of the open season. International buyer interest is slow. Stocks are available within EU25 countries, but traders indicate that some Eastern non-EU countries have less expensive stocks.

1.25% BUTTERFAT: 2,300 - 2,400

WHOLE MILK POWDER (WMP): Whole milk powder markets and prices are unchanged. Stocks of European powder are available for both internal and international needs. Traders are not overly concerned about locating needed volumes for the near term, but have concerns for fall and winter interest. Most sales activity continues to center around internal or domestic needs with international sales limited. Traders and handlers feel that international buyers must be nearing the bottom of their inventories and should be re-entering the market soon. Some feel that they are hesitant at present, awaiting weaker prices, but many feel that prices will remain at or very near current levels.

26% BUTTERFAT: 2,250 - 2,350

SWEET WHEY POWDER: Whey powder markets remain firm at unchanged prices. Cheese production continues seasonally strong, thus whey volumes are available. Firm European prices are causing buyer resistance on the part of international buyers. Current demand continues to center around an internal/domestic animal feed market.

NONHYGROSCOPIC: 650 - 800

EASTERN EUROPEAN OVERVIEW: Hot temperatures and dry conditions are also being reported in Eastern Europe. The milk production in this part of Europe runs a few weeks behind Western patterns, thus milk output is now being reported at peak levels. Through May, milk production is reported to be running 6% higher than last year. Milk handlers feel that overall milk production is not increasing, but more milk is being marketed than last year.

OCEANIA

OCEANIA OVERVIEW: The dairy situation in Oceania has changed little in recent weeks. For the most part, the 2004 - 2005 milk production season has come to an end. The milk production year in New Zealand runs from June through May and unofficial reports continue to indicate that output trailed last season by 3 - 4%. In Australia, the production year runs from July through June, thus there is still a little time left in the current season. The most recent milk production data, through April, indicated that cumulative production for the first ten months of the year is even with last year. Victoria, the major milk production region of Australia, realized a 2.4% cumulative increase for the ten month time period. Milk producers and handlers were quite concerned about the impact minimal moisture may have on end of the season production. For much of May, conditions remained dry, but during recent weeks, some rainfall did occur which helped moisture conditions somewhat. Producers and handlers remain optimistic that annual output will be even with last year. Stocks of manufactured dairy products remain in very close balance to short of full needs. Suppliers and handlers indicate that they may need to reach to multi-origin sources and possibly into early months of the new milk production season to fully fill existing commitments. At this point, Oceania traders and handlers state that international buyer interest is limited. Traders continue to monitor what is happening in Europe, especially what impact the most recent cut in export subsidies and post July 1 developments may have on international markets.

BUTTER: Oceania butter markets and prices are generally unchanged as the winter season continues to develop. Milk production has basically ceased for the season, thus butter production is also done. Traders and handlers are filling commitments from inventoried stock. Many handlers and suppliers indicate that butter stocks will be in very close balance and for some, insufficient to fulfill commitments. Some suppliers will possibly need to reach to multi-origin sources or into the new production season to fully meet their needs.

82% BUTTERFAT: 1,900 - 2,200

CHEDDAR CHEESE: Oceania cheese markets are steady at firm prices. Traders and handlers indicate that supplies are available, although not enough to acknowledge significant new buyer interest. Many cheese contract negotiations for the early part of the upcoming new season have been or are in the final stages of agreement. At this point, suppliers indicate that it appears that demand from regular and ongoing customers for the 2005 - 2006 season will be much the same as the current year with some increases noted.

39% MAXIMUM MOISTURE: 2,650 - 3,000

SKIM MILK POWDER (SMP): Skim milk powder markets are generally steady at unchanged prices. Stocks of powder are in very close balance, and in many instances, short of full needs. Some suppliers and traders continue to reach to outside sources to fully meet their commitments. Many traders and handlers feel that the powder market will probably remain steady to firm for the future, unless significant unforeseen developments occur within other international supply markets.

1.25% BUTTERFAT: 2,100 - 2,300

WHOLE MILK POWDER (WMP): Whole milk powder markets and prices are generally unchanged. Traders and handlers indicate that current commitments continue to be filled from inventories and, in instances, needed supplies are not readily available. Some suppliers state that they have been running behind for much of the year to fill needs, and current requirements are little changed to generate a better supply/demand situation.

26% BUTTERFAT: 2,150 - 2,300

Exchange rates for selected foreign currencies: June 20, 2005

.8093 Canadian Dollar	.0230 Indian Rupee
.3483 Argentina Peso	.7152 New Zealand Dollar
.0924 Mexican Peso	.7757 Australian Dollar
.2996 Polish Zloty	.0091 Japanese Yen
	1.2143 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.0924) = 10.8225$
That is 1 US Dollar equals 10.8225 Mexican Pesos. Source: "Wall Street Journal"

EASTERN OVERVIEW CONTINUED: Stocks of manufactured dairy products are available from this region of Europe, but international buyers are limited. Traders also indicate that some non EU Eastern European countries have product available at lower prices which could supersede EU 25 sales, although consumer confidence in these countries' quality is sometimes questioned.

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS

COMMODITY	APR 30, 2003	APR 30, 2004	REVISED APR 30, 2005	MAY 31, 2003	MAY 31, 2004	MAY 31, 2005
Butter	263,735	155,718	164,500	297,959	178,744	188,220
Cheese, Natural American	534,718	526,389	548,814	538,513	558,823	578,902
Cheese, Swiss	25,801	26,910	21,677	26,596	26,079	23,348
Cheese, Other Natural	220,586	214,269	205,329	225,928	219,557	211,124
Total Cheese	765,632	767,568	775,820	791,037	804,459	813,374

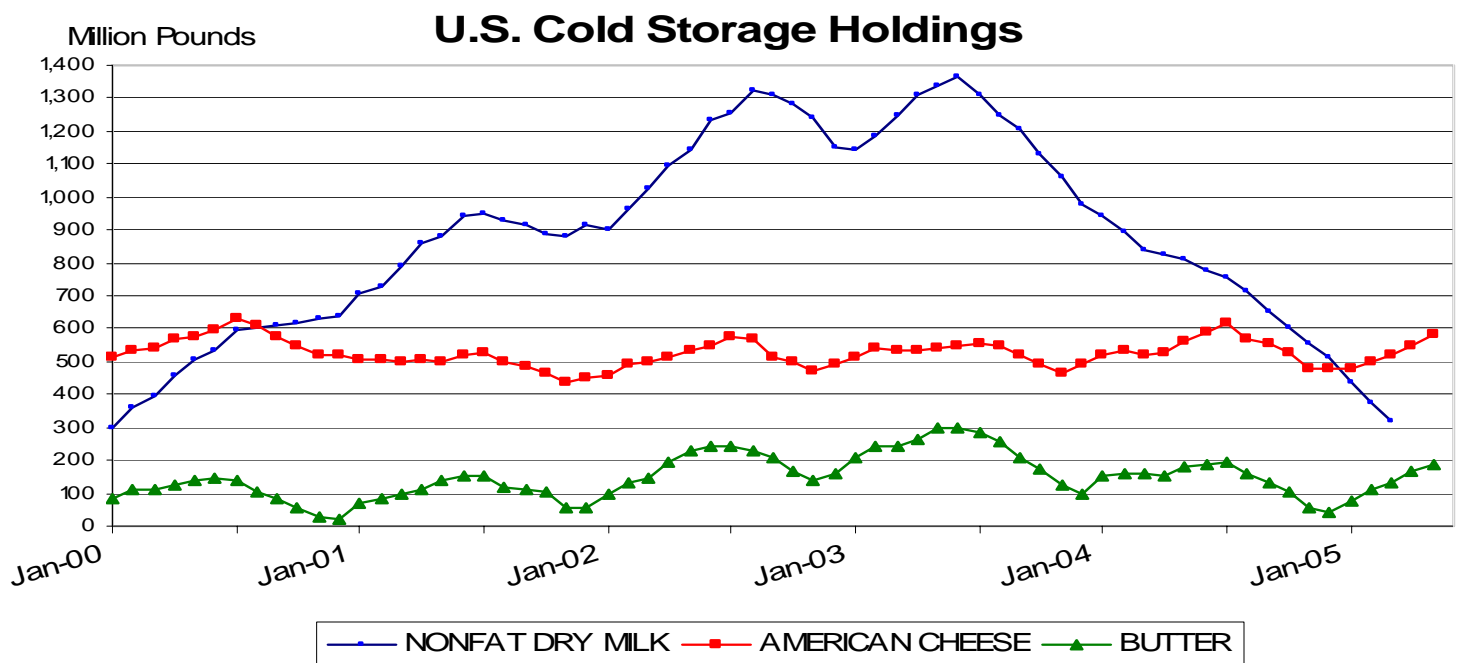
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS

Butter	5,089	400	193	8,938	255	228
Natural American Cheese	2,974	9,691	1,927	2,543	9,858	1,134

MAY STORAGE HOLDINGS BY REGION

REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2003	2004	2005	2003	2004	2005	2003	2004	2005
New England	22,271	24,682	24,161	---	---	---	213	441	245
Middle Atlantic	60,021	55,711	54,352	---	---	---	14,040	19,869	12,414
East North Central	217,011	219,008	233,773	---	---	---	132,763	124,839	124,055
West North Central	128,536	126,619	134,170	---	---	---	59,332	54,757	54,030
South Atlantic	546	7,583	4,195	---	---	---	2,111	198	112
East South Central	375	120	105	---	---	---	1,846	2,504	2,564
West South Central	1,731	4,647	3,762	---	---	---	165	116	137
Mountain	13,506	27,976	37,656	---	---	---	2,055	4,428	5,558
Pacific	94,516	92,477	86,728	---	---	---	13,403	12,405	12,009
TOTAL	538,513	558,823	578,902	297,959	178,744	188,220	225,928	219,557	211,124

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2004 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	Million Pounds						Million Pounds						Million Pounds					
January	77	152	77	151	<u>3/</u>	1	479	518	475	508	4	10	440	945	83	109	357	836
February	111	159	111	158	<u>3/</u>	1	497	533	494	523	3	10	374	896	79	95	296	800
March	132	158	132	158	<u>3/</u>	1	518	521	517	511	2	10	321	841	84	80	236	761
April	165	156	164	155	<u>3/</u>	<u>3/</u>	549	526	547	517	2	10	NA	826	NA	104	NA	723
May	188	179	188	178	<u>3/</u>	<u>3/</u>	579	559	578	549	1	10		814		123		691
June		189		189	<u>3/</u>			591		582		9		774		146		628
July		194		193	<u>3/</u>			616		609		7		755		161		594
August		161		161	<u>3/</u>			569		562		7		716		149		567
September		133		133	<u>3/</u>			554		547		6		650		127		523
October		107		107	<u>3/</u>			528		521		7		602		116		486
November		57		57	<u>3/</u>			481		476		5		552		94		458
December		45		45	<u>3/</u>			481		476		5		512		99		413

NA = Not available.

1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Apr 30, 2003	Apr 30, 2004	Apr 30, 2005	May 31, 2003	May 31, 2004	May 31, 2005
	Thousand Pounds					
Butter	258,646	155,318	164,307	289,021	178,489	187,992
Natural American Cheese	531,744	516,698	546,887	535,970	548,965	577,768

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

SOURCE: "Cold Storage," Co St 1 (6-05) and "Dairy Products," Da 2-6 (6-05), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

FEDERAL MILK ORDER ADVANCE PRICES, JULY

Class I Base Price - Under the Federal milk order pricing system, the Class I base price for July 2005 is \$13.89 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$8.73 and the advanced butterfat pricing factor is \$1.5610. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Class II Price Information** - The advanced Class IV skim milk pricing factor is \$7.03. Thus, the Class II skim milk price for July is \$7.73 per cwt., and the Class II nonfat solids price is \$0.8589. **Product Price Averages** - The two-week product price averages for June are: butter \$1.4158, nonfat dry milk \$0.9289, cheese \$1.4827, and dry whey \$0.2684.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION <u>1/</u> <u>2/</u>				
Federal Milk Order Marketing Area <u>3/</u>	Order Number	July 2005		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) <u>4/</u>	001	17.14	11.98	1.5935
Appalachian (Charlotte) <u>5/</u>	005	16.99	11.83	1.5920
Southeast (Atlanta) <u>6/</u>	007	16.99	11.83	1.5920
Florida (Tampa) <u>7/</u>	006	17.89	12.73	1.6010
Mideast (Cleveland) <u>8/</u>	033	15.89	10.73	1.5810
Upper Midwest (Chicago) <u>9/</u>	030	15.69	10.53	1.5790
Central (Kansas City) <u>10/</u>	032	15.89	10.73	1.5810
Southwest (Dallas) <u>11/</u>	126	16.89	11.73	1.5910
Arizona-Las Vegas (Phoenix) <u>12/</u>	131	16.24	11.08	1.5845
Pacific Northwest (Seattle) <u>13/</u>	124	15.79	10.63	1.5800
All-Market Average		16.54	11.38	1.5875

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. 2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. 3/ Names in parentheses are the major city in the principal pricing point of the markets. 4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25, and Washington, DC, minus \$0.25. 5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. 6/ Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90. 7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. 8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. 9/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10. 10/ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver plus \$0.55. 11/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. 12/ Class I price at Las Vegas is minus \$0.35. 13/ Class I prices at other cities are: Portland, same; and Spokane, same.

FEDERAL MILK ORDER PRICE AND POOL SUMMARY, MAY

HIGHLIGHTS - Handler reports of receipts and utilization under the Federal milk order system for May have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During May, about 10.9 billion pounds of milk were received from producers. This volume of milk is 57.8 percent higher than the May 2004 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +6.3 percent.) About 3.7 billion pounds of producer milk were used in Class I products, 5.6 percent higher than the previous year. Calendar composition, likely had a slightly positive impact on milk used in Class I in 2005 as compared to 2004. The all-market average Class utilization percentages were; Class I = 34%, Class II = 13%, Class III = 39%, and Class IV = 14%. The weighted average statistical uniform price was \$14.76 per cwt., \$0.44 lower than last month, and \$4.58 lower than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF MAY 2005										
FEDERAL MILK ORDER MARKETING AREA <u>1/</u>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <u>2/</u>
		TOTAL	CHANGE FROM PREV. YEAR <u>3/</u>	TOTAL	CHANGE FROM PREV. YEAR <u>3/</u>	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	2,141.9	13.0	901.0	6.2	42	19	22	17	15.35
Appalachian (Charlotte)	005	600.0	16.1	345.1	4.1	58	16	9	17	15.85
Southeast (Atlanta)	007	723.6	17.5	380.2	7.2	53	13	17	17	15.73
Florida (Tampa)	006	284.2	9.0	208.3	5.5	73	7	15	5	17.28
Mideast (Cleveland)	033	1,744.6	89.8	527.1	5.1	30	16	47	7	14.40
Upper Midwest (Chicago)	030 <u>3/</u>	2,265.4	241.9	364.7	3.5	16	6	71	7	14.05
Central (Kansas City)	032	1,360.4	108.7	350.8	6.3	26	11	50	13	14.21
Southwest (Dallas)	126	845.9	25.9	336.1	5.8	40	13	21	26	15.10
Arizona-Las Vegas (Phoenix)	131	266.7	7.5	76.1	4.6	28	12	38	22	14.21
Pacific Northwest (Seattle)	124	629.2	43.2	180.3	6.8	29	7	29	35	13.98
ALL MARKET AVERAGE OR TOTAL	<u>3/</u>	10,862.0	57.8	3,669.7	5.6	34	13	39	14	14.76

1/ Names in parentheses are the major city in the principal pricing point of the market.

2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform (blend) price in this market, handlers elected not to pool an estimated 150 million pounds of milk that normally would have been associated with this market. In May 2004, the estimated not-pooled volume of milk was 3.5 billion pounds, occurring in Order Nos. 005, 033, 030, 032, 126, and 124. After adjusting for these not-pooled volumes, the year-to-year percent change is +6.3.

THE DAIRY OUTLOOK

Production Growth and Erratic Demand Shake Dairy Prices

Summary - Milk and dairy product prices have weakened somewhat this spring. Strong returns ignited an expansion in milk production, as cow numbers edged higher and milk per cow recovered. Meanwhile, commercial use in late winter was unable to sustain its large early-winter gains. Even so, these shifts were not dramatic, and dairy product prices have remained relatively buoyant. Milk prices in 2005 are expected to average considerably below last year's record but well above the 5-year average.

Production Grows - Milk cow numbers edged higher after an early-winter low. In April, cow numbers in the 23 major States were more than 0.5 percent larger than a year earlier, implying that the U.S. total was up slightly. The strong returns of 2004 and thus far in 2005 created substantial pressure for stronger producers to expand their operations, even if replacement heifers are scarce and expensive and forage supplies uncertain. Similarly, the weaker producers were in a sounder position to continue if they wish. Exits apparently have been relatively few. Short heifer supplies remain a major concern for producers in a position to grow. April prices were a record even though domestic heifer numbers at the start of 2005 had largely recovered from their 2004 decrease. High prices are mostly the result of strong demand for heifers, although the lack of imports from Canada is a continuing factor. Replacement prices probably will remain high during the rest of 2005, and heifer availability likely will continue to slow expansion in cow numbers. Heifer supplies may ease a bit in late 2005 and 2006 as the effects of high 2004 replacement prices on heifer supplies are seen, but any price decreases are expected to be relatively small.

Hay supplies remain problematic. Very tight water supplies in the Northwest imply that alfalfa production there will be down, and alfalfa supplies may be somewhat tight in other parts of the West. The late spring may have depleted supplies of mediocre hay, leaving only poor alfalfa in ample supply. Prices received for alfalfa hay jumped in April and May. April milk per cow stayed weak but partially recovered from the very sluggish autumn and winter performance. Despite large incentives to boost concentrate feeding and the return to near-normal availability of bovine somatotropin (BST), milk per cow in the 23 States during April rose from the 5-year average at a 1.4 percent annual rate, still far below trend. Forage quality probably contributed, as did extending the milking life of cows that normally would have been culled.

Milk production is projected to post sizable increases from a year earlier during the rest of 2005, even if the rate slackens slightly this summer when compared with the strongest 2004 quarter. Milk cow numbers are expected to drift generally higher during the rest of the year, averaging essentially unchanged for the year. Meanwhile, milk per cow is projected to expand more than 2 percent from 2004, dependent in part on avoiding major forage quality problems.

Dairy Demand Slackens - Dairy product demand seems unable to stay fully on track in 2005. Fluid sales and use of most perishable manufactured products have been weak. Commercial use of butter and cheese weakened during the second half of the winter quarter and evidently stayed weak in early spring. Although some of the early 2005 strength was pipeline rebuilding, final sales reportedly slipped suddenly during February. The economy grew thus far in 2005 but the expansion was a bit erratic, and interest rates have risen. Projected economic conditions would be expected to lead to good dairy demand under normal conditions. Growth in the economy and consumer incomes is projected to be reasonably brisk, while inflation and unemployment moderate. However, the expected increase in both short-term and long-term interest rates may prove troublesome. The recent growth in consumer debt, particularly for housing, may make expenditures for food relatively sensitive to interest rates.

International Dairy Markets Robust - International dairy markets show no signs of softening. In early June, butter prices were just under \$2,000 per metric ton, a very modest seasonal decline from late 2004. Nonfat dry milk prices slipped slightly in early 2005 but then recovered to about \$2,300 per ton in early June. Price buoyancy resulted from continued demand strength combined with relatively tight export supplies from the European Union-25 (EU-25) and deteriorating milk production prospects for Oceania's new season. Demand for milk powders remains brisk in most important markets. Asian economies

continue growing, boosting dry milk demand. Much the same picture emerges for Latin America, while rebuilding efforts in the Middle East absorb additional powder. Butter demand is less robust but has been able to absorb available supplies, in part because demand for whole milk powder and cheese has been soaking up milkfat. International dairy product prices are expected to stay strong through the rest of 2005. Export supplies are not likely to surge in any major supply region, and demand prospects are good. Also, part of Oceania's early output will go to meeting commitments carried over from the previous season. Conditions might begin to ease in early 2006 but any softening is projected to be modest. Exports of nonfat dry milk during January-April totaled 265 million pounds, almost triple those of a year earlier. As impressive as this appears, it dramatically understates the boost in export demand. During the first 4 months of 2004, the vast bulk of powder exports were government food aid or exports subsidized under the Dairy Export Incentive Program (DEIP). This year's shipments were mostly unsubsidized commercial exports. In addition, some skim solids were exported in various blends. On the other hand, cheese exports got off to a slower start in 2005. Exports of nonfat dry milk are projected to stay strong through 2005. Supplies from the EU-25 and Oceania likely will be quite limited through yearend, even if Oceania production in the new season is stronger than now seems likely. The United States is expected to have a large supply of skim solids in excess of domestic use and probably will remain the largest uncommitted source of powder for the international market. The expected relatively weak U.S. dollar and moderate domestic prices should help boost cheese exports as well.

Price Roller Coaster Continues - Wholesale cheese prices remain somewhat volatile, caught between expanding milk production, unsettled demand, and fear of excessive stocks. Since early May, prices of block Cheddar on the Chicago Mercantile Exchange have been as low as \$1.43 and as high as \$1.58 per pound. Even though average prices as reported by the National Agricultural Statistics Service have tended to dampen exchange price swings thus far in 2005, cheese prices have been quite variable and largely without an overall direction. Butter prices were somewhat similar, although prices this spring trended lower as stocks mounted. Sustained large production increases and less-than-stellar demand is expected to reverse the recent cheese price rises. Summer prices are projected to be below spring levels with autumn seasonal increases quite muted. Similarly, heavy production and large stocks are expected to limit butter prices during the seasonally tight second half. Nonfat dry milk prices edged higher throughout most of the first half, moving into closer alignment with international prices. Export prices probably will continue to dominate domestic powder prices in the second half. Nonfat dry milk prices are expected to be fairly stable during the rest of the year, possibly easing slightly as Oceania powder starts to come onto international markets toward yearend.

Farmers are projected to receive about \$1 per cwt less for milk than they did during the second half of 2004. Such a decrease would leave the annual average down a similar dollar per cwt from the record of a year earlier. Even so, farm milk prices could be the third highest ever and will be far higher than the low prices of 2002 and 2003. A somewhat larger decline is projected for 2006. Prices for Class III (milk for cheese) during the second half are expected to be higher than Class IV (milk for butter and dry milks). However, the gaps likely will be narrower than those that characterized 2004. Strong prices for nonfat dry milk are projected to provide considerable strength and stability to Class IV prices.

Retail dairy prices have varied within a rather narrow range since last September. Retail prices ran sharply higher than a year earlier during the first 4 months of 2005 (almost 5 percent in April) but fell below a year earlier in May. Retail dairy prices probably will be substantially below the very high year-earlier prices during May-August. For the year, prices are projected to average slightly higher than 2004. The farm-to-retail price spread is expected to rise modestly after two straight declines. The largest increases in retail dairy prices during early 2005 were for fluid milk products, as prices for manufactured products were only moderately higher. In early 2004, retail milk prices strongly resisted higher farm milk prices--until the dam broke in May. Retail price behavior this year for milk has been considerably more typical.

SOURCE: "Livestock, Dairy, and Poultry Outlook", LDP-M-132, June 16, 2005, Economic Research Service, USDA. For more information, contact James J. Miller, (202) 694-5184.

Note: This text has been shortened from the original.

ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES IN FEDERAL MILK ORDERS, JULY 2005, WITH COMPARISONS ^{1/}

For July 2005, the all-city average announced cooperative Class I price was \$17.99 per cwt., \$1.57 higher than the Federal milk order Class I price average for these cities. The July cooperative Class I price was \$.29 higher than the June price, while the Federal order price was \$.27 higher. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.15 in Phoenix, AZ, to \$2.71 in Chicago, IL and Milwaukee, WI. For July 2004, the all-city average announced cooperative Class I price was \$21.97, \$1.49 higher than the Federal order Class I price average for these cities.

City	July 2005		
	Announced Cooperative Class I Price	Federal Milk Order Class I Price	Difference
	Dollars per hundredweight, 3.5% butterfat		
Atlanta, GA	18.60	16.99	1.61
Baltimore, MD	18.69	16.89	1.80
Boston, MA	18.84	17.14	1.70
Charlotte, NC	18.60	16.99	1.61
Chicago, IL	18.40	15.69	2.71
Cincinnati, OH	17.80	16.09	1.71
Cleveland, OH	17.60	15.89	1.71
Dallas, TX	17.89	16.89	1.00
Denver, CO	17.29	16.44	0.85
Des Moines, IA	17.43	15.69	1.74
Detroit, MI	17.41	15.69	1.72
Hartford, CT	18.74	17.04	1.70
Houston, TX	18.49	17.49	1.00
Indianapolis, IN	17.60	15.89	1.71
Kansas City, MO	17.12	15.89	1.23
Louisville, KY	17.70	16.09	1.61
Memphis, TN	18.10	16.69	1.41
Miami, FL	20.87	18.19	2.68
Milwaukee, WI	18.35	15.64	2.71
Minneapolis, MN	17.60	15.59	2.01
New Orleans, LA	18.90	17.49	1.41
Oklahoma City, OK	17.54	16.49	1.05
Omaha, NE	17.18	15.74	1.44
Philadelphia, PA	18.98	16.94	2.04
Phoenix, AZ	16.39	16.24	0.15
Pittsburgh, PA	17.98	15.99	1.99
St. Louis, MO	17.44	15.89	1.55
Seattle, WA	16.21	15.79	0.42
Springfield, MO	17.14	16.09	1.05
Washington, DC	18.69	16.89	1.80
Simple Average	17.99	16.42	1.57

^{1/} This table contains information obtained from the Class I price announcements sent by the major cooperative in each city market to all handlers who buy milk from them. These over-order prices include charges for various services performed by the cooperative. In some instances, these over-order prices may not include all credits that may be allowed. These prices have not been verified as having been actually paid by handlers.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JUNE 20 - 24, 2005			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/04	SAME PERIOD LAST YEAR	WEEK ENDING 06/17/05	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	31,817,269	306,159,197	-0-	687,842,000
Fortified	-0-	-0-	-0-	-0-	-119,048	-0-	46,391,000
TOTAL	-0-	-0-	-0-	31,817,269	306,040,149	-0-	734,233,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JUNE 20 - 24, 2005 =	0.0	0.0	COMPARABLE PERIOD IN 2004 =	1.1	58.2
CUMULATIVE SINCE OCTOBER 1, 2004 =	7.0	370.4	CUMULATIVE SAME PERIOD LAST YEAR =	66.4	3,562.3
CUMULATIVE JANUARY 1 - JUNE 24, 2005 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2004 =	40.9	2,213.0

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JUNE 20 - 24, 2005 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/04 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
CENTRAL	-0-	-0-	-0-	-0-	1,331,567	7,646,276	4.2	2.5
WEST	-0-	-42,309	-0-	-0-	29,415,099	294,110,099	92.4	96.1
EAST	-0-	-0-	-0-	-0-	1,070,603	4,283,774	3.4	1.4
TOTAL	-0-	-42,309	-0-	-0-	31,817,269	306,040,149	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 06/04/05 & Comparable Week 2004

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL		% DAIRY OF ALL	
											WEEK SINCE JAN 1	WEEK SINCE JAN 1		
2005-Dairy	N.A.	0.5	N.A.	1.7	10.1	1.9	0.6	N.A.	10.8	2.0	33.3	1,006.2	44.9	48.0
2004-Dairy	0.1	0.6	N.A.	1.7	13.5	1.5	0.5	N.A.	9.1	2.0	34.9	1,048.5	42.0	46.9
2005-All cows	0.1	0.6	N.A.	8.7	19.7	11.6	9.0	N.A.	12.6	3.7	74.1	2,094.4		
2004-All cows	0.2	0.7	N.A.	8.2	22.7	13.2	13.2	N.A.	11.6	4.6	83.1	2,233.4		

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14

FEDERAL MILK ORDER CLASS PRICES FOR 2005 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	16.65	13.79	15.43	14.13	14.80	13.62	13.89					
II	13.04	13.36	13.25	13.24	12.78							
III	14.14	14.70	14.08	14.61	13.77							
IV	12.52	12.74	12.66	12.61	12.20							

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmoms/mib/cls_prod_cmp_pr.htm